KWAZULU-NATAL FILM COMMISSION

RESEARCH INTO AUDIENCE TRENDS OF THE SOUTH AFRICAN AND KWAZULU-NATAL FILM INDUSTRY CONSUMER

LITERATURE REVIEW AND FIELD RESEARCH REPORT

FINAL DRAFT REPORT FOR COMMENT
14 JULY 2017
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Executive Summary

The KZN Film Commission conducted a study on KwaZulu-Natal’s filmed content consumers. The goal of the study was to understand the preferences of consumers in order to grow audiences for South African content within the province. Over 1,200 questionnaires were administered across KZN from January to March, 2017. Survey findings were supplemented by desktop research on global and national filmed content production and consumption trends, as well as audience development best practices.

Survey respondents comprised of the following key demographics, and this respondent profile is representative of the KZN filmed content audience:

- 52% male and 48% female;
- 58% of the respondents are classified as youth (under 35 years old);
- 86% of respondents are African, 7% are Indian, 5% are White, and 2% are Coloured;
- 80% of respondents speak isiZulu as a home language, with 12% being English-speaking and 5% isiXhosa; and
- The majority of respondents have a household income of below R12,000 per month.

In KZN, cost and access have been identified as major constraints to cinema attendance, as all cinemas are located within urban areas. 70% of respondents have never been to a cinema while 58% do not know the location of their nearest cinema. Only 3% of respondents have ever been to a film festival and only 1% have seen a community screening.

98% of respondents have a television inside of their household, and 73% of them watch TV daily. 63% of respondents have satellite TV and almost all of them watch satellite TV daily. 50% of the respondents watch DVDs more at least once a month. Of those who purchase DVDs, over half did so from street vendors or markets and close to 40% did so from DVD or retail stores. Only 35% of respondents have access to internet within their household which explain why 70% of respondents have never watched content on the internet and 90% of respondents have never watched content on video-on-demand platforms. Although 93% of respondents have a cellphone, 65% have never watched content on a cellphone.

These findings indicate that television and satellite are the dominant platforms for content consumption in KZN, followed by DVD. However, as internet penetration increases, cellphone and video-on-demand is expected to grow, in line with global trends.
80% of respondents watch South African content. They like that it is unique, informative, relatable, proudly South African, and in local languages. The most popular South African films are Leon Shuster films, followed by iNumber Number, Jerusalema, and Tsotsi. The last viewed South African TV shows where Uzalo and Isibaya, which is consistent with the National TV ratings. 87% of respondents watch TV series, 70% watch movies, 50% watch sporting content, 28% watch reality TV, and only 20% watch documentaries. 46% watched their last SA movie on DVD, 28% on satellite TV, 22% on television, and only 4% watched online or at the cinema. Domestic productions are under-represented in cinemas, as in 2016, only 12% of films on the South African Box Office were domestic.

Over 15% of the survey population are not willing to pay to watch local films, 53% said they would pay up to R60, and 32% would pay more than R60. 48% of respondents prefer filmed content in English, while 43% of prefer isiZulu content. In 2016, none of the domestic films on the box office were isiZulu films – 65% were Afrikaans, 28% were English, while the balance were both English and Afrikaans. Respondents most prefer the action, drama, and comedy genres, and least prefer the horror, science fiction and historical genres. 40% of respondents said they would not watch filmed content containing sex and nudity. Violence and strong language, however, do not prevent respondents from viewing content. 70% of respondents heard about SA filmed content via TV adverts, and 43% via word-of-mouth. The majority of respondents would like to hear about SA content through adverts on TV and radio and visits by film and television crews, producers and actors to communities.

Based on the key findings from the research, a number of recommendations were identified towards developing KZN audiences.

A significant recommendation is to ensure that producers and filmmakers are developing content which is aligned to target markets and audience preferences, through:

- Script-development training programmes;
- Good business planning including financial feasibility, marketing and distribution strategies; and
- Reviewing and adjusting the KZN Film Fund to ensure that local content is commercially viable and promote audience development initiatives.

Other recommendations include the following, in partnership with stakeholders:
• Encourage youth appreciation towards domestic and African filmed content through school film screenings and career days;

• Identify locations and facilities around KZN that can be utilised for community screenings;

• Identify ways to promote domestic content within cinemas during July National Film Month;

• Encourage promotion of domestic content through local radio and television broadcasters; and;

• Investigate and encourage alternative distribution models for local content.
1 Introduction

1.1 Background

The KZN Film Commission (KZNFC) initiated this research study in order to “gather in-depth and reliable data and knowledge on audience trends of the South African and KwaZulu-Natal film industry consumer, in order to develop and grow film audiences in the Province of KwaZulu-Natal”. The rationale behind this research is that the sustainability of the film industry relies on the increasing consumption of content by consumers who will pay to access relevant quality products that they wish to consume. The KZNFC requires a detailed understanding of the preferences of consumers in order to ensure that appropriate content is being produced by KZN filmmakers. Content across all genres and KZN historical content that enhances cultural diversity is required, however the ability of KZN filmmakers to be financially sustainable is reliant on their ability to sell their content and as such, it is critically important to have a comprehensive understanding of the preferences of consumers.

This report is developed as the final deliverable of research study, and comprises the key findings from the literature review and field research.

1.2 Objectives

The overall objective of the research is to acquire a detailed understanding of the size of the audience for film in KZN and the characteristics and preferences of the audience, to assist the KZNFC in formulating policies and developing strategies for audience development, attracting investors, informing funding strategies, and enabling filmmakers to make use of the research to make informed decisions that will help build a commercially viable film industry in KZN. The specific objectives are as follows:

1. Understand the KZN film consumer;
2. Understand the potential consumer base in the African continent;
3. Determine the impediments and barriers that may exist for audiences to consume South African films;
4. Examine the cinema exhibition and distribution model and determine whether it is a barrier to entry for South African films;
5. Address issues of transformation that should occur in the audience development space (e.g. access to content, proximity to cinemas, content for black audiences, etc.);
6. Provide a cost effective model to enhance audience development based on research; and

7. Provide recommendations based on the findings of the study on how to encourage audiences to watch South African films.

1.3 Methodology

This research utilised a combination of primary and secondary data collection. Secondary data collection comprised of the sourcing and analysis of various research studies that have been undertaken within KZN, South Africa, and globally, relating to the film industry, but specifically, the marketing and distribution component of the value chain and audience development research. The bibliography at the end of the report provides the full reference list of documents reviewed.

Primary data collection comprised of the rollout of a field research survey (1200 survey questionnaires) across the province, along with telephonic interviews with key industry stakeholders from around Africa and the world. The methodology, approach and sample of the field research survey are unpacked within Section 3, which specifically deals with the survey results. Interviewees that were contacted telephonically are listed below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position &amp; Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aitheli Makhwanya</td>
<td>Policy &amp; research - NFVF</td>
</tr>
<tr>
<td>Ali Essafi</td>
<td>Director, writer - Cinemaat Productions</td>
</tr>
<tr>
<td>Billy Dundee</td>
<td>Owner - Black Sheep Films</td>
</tr>
<tr>
<td>Dapo Oshiyemi</td>
<td>Director - Talking Drum Entertainment</td>
</tr>
<tr>
<td>David Forbes</td>
<td>Director &amp; producer - Shadowfilms</td>
</tr>
<tr>
<td>David Max Brown</td>
<td>Filmmaker - Noem My Skollie</td>
</tr>
<tr>
<td>Desmond Mthembu</td>
<td>Senior manager - Gauteng Film Commission</td>
</tr>
<tr>
<td>Dorothy Brislin</td>
<td>Communications specialist - OSISA</td>
</tr>
<tr>
<td>Eric Miyeni</td>
<td>Director - Rapid Lion Film Festival (Jhb)</td>
</tr>
<tr>
<td>Hans-Christian Mahnke</td>
<td>Director - AfricAvenir Namibia</td>
</tr>
<tr>
<td>Helen Kuun</td>
<td>Owner - Indigenous Film</td>
</tr>
<tr>
<td>Helena Spring</td>
<td>Filmmaker - Happiness is a Four Letter Word</td>
</tr>
<tr>
<td>Jacqui Hlongwane</td>
<td>Programme manager - SABC</td>
</tr>
<tr>
<td>Jihan El Tahri</td>
<td>Writer, director and producer</td>
</tr>
<tr>
<td>Khethiwe Ngcobo</td>
<td>Filmmaker - Mr Right Guy</td>
</tr>
<tr>
<td>Lesedi Oluko Moche</td>
<td>Producer &amp; former director - Encounters SA International Film Festival</td>
</tr>
<tr>
<td>Musola Cathrine Kaseketi</td>
<td>Executive director - Vilole Images Productions</td>
</tr>
<tr>
<td>Pedro Pimenta</td>
<td>Director - Johannesburg International Film Festival</td>
</tr>
<tr>
<td>Senzo Zindela</td>
<td>Director - Sollywood Films / Founder - Ugu Film Festival</td>
</tr>
<tr>
<td>Sifiso Khanyile</td>
<td>Director of public relations - Association for Transformation in Film TV</td>
</tr>
<tr>
<td>Toki Mohoto</td>
<td>KwaMashu Film Festival</td>
</tr>
</tbody>
</table>
2 Literature Review

2.1 Global Film Consumption Trends

In terms of global film production available for 2015, India leads feature film production with 1907 feature films, followed by the USA with 791 feature films, China with 686, Japan with 581 and France with 300 feature films. Nigeria is excluded from these statistics ‘because most ‘Nollywood’ feature films are produced in video format” (UNESCO, 2015). However, according to UNESCO figures for 2011 which include Nollywood, Nigeria was second behind India with 997 films, still more than the USA in 2015. Within Africa in 2015, and excluding Nigeria, Egypt leads on the continent with 34 feature films (with more support for local films on the box office than imported content), followed by South Africa with 22 films, Morocco with 18 films, and Tunisia with 11 films (UNESCO, 2015).

Hollywood (USA), Bollywood (India) and Nollywood (Nigeria) are three of the largest film industries (as per above) and most successful film brands globally, and this is largely due to the fact that the film industries in these countries have been commercialised (in USA over 100 years ago) and are supported by large domestic markets.

Global Box Offices were $38.3 billion in 2015, with the largest markets by box office comprising of United States, China, United Kingdom, Japan, South Korea and India. In the same year however, total electronic home video revenue exceeded box office revenue for the first time in the USA.

Over the past 20 years, there has been a drastic change in the way in which filmed content is consumed. General trends in the consumption of filmed content indicate that:

- Cinemas are declining;
- DVD sales are falling;
- TV, Cable TV/satellite is stable (with video-on-demand [VOD] growing);
- Internet and social networks are growing; and
- Mobile phones are an exploding distribution network.

The way in which filmed content is being produced and distributed is changing because of the demand for access to unlimited content for consumption via online platforms, and other platforms such as video-on-demand, which has had an impact on film exhibition, as home video continues to grow. However, the potential for both cinemas and home video to succeed does exist because even though total electronic home video revenue exceeded box office...
revenue for the first time in the US in 2015, both sectors experience strong growth year-on-year, with home revenues at 16% and box office at 6.9% (PWC, 2016).

DVDs on the other hand have been suffering from lower sales, and companies are “cautiously lowering their expectations, and it is expected that sales will continue to fall” (E&Y, 2011). However, research indicates that there is still a market in DVD for films that didn’t succeed in cinema, but films require “a star and the correct package to be successful on DVD” (E&Y, 2011). On the contrary, the case on the African continent is that South Africa and other African countries (Kenya and Ghana) are also embracing the Nigerian model of straight-to-video-DVD (Rorvik, 2012).

Ernst and Young point out 6 major global trends about the future of television and what it means for media and entertainment companies. Ernst and Young (2013) believes the six emerging trends are that:

1. Storytelling will evolve to make better use of an ‘omniplatform’ environment: television screens are no longer the ‘primary screen’ for viewing filmed content, with tablets and mobile phones being used as ‘secondary screens’. This research highlights that viewing on multiple platforms, other than television, is growing and we are entering a stage in which all screens will work together seamlessly.

2. Ubiquitous screens will demand greater content mobility: the research notes that as the cost of screens declines and digital surfaces appear everywhere (car, homes, retail centres, public spaces, etc.), there will be a growing demand for content to seamlessly follow the viewer wherever they may go. Ernst and Young suggest that the smart phone could be the ‘brains’ that trigger content on other screens, based on the viewer’s location and direction.

3. Social dynamics and synergistic experiences will drive more event-based viewing: the research highlights that viewers in the US enjoy being part of the ‘collective social experience’ when viewing events such as the Superbowl and the Academy Awards, and that a “well-cultivated, data-driven social experience” can drive ‘event’ consumption so that people feel “included in something larger than their living room”.

4. Innovation in program discovery and television controls will drive new techniques to cut through the clutter: through the use of tablets and other devices, searching for content will become more intuitive and tailored towards the preferences and tastes of individuals.
5. Bingeing will drive more innovation in the measurement of consumerism and personalisation of advertising: the research highlights that as content providers release more and more content from studio vaults, bingeing will continue to grow. With the right big data analytics on binge patterns, new advertising models will be developed and targeted at this audience.

6. New entrants demanding unique content will drive innovation beyond the traditional studio system: the battle between traditional content companies, distributors and technology companies for control of the viewing experience is driving innovation in their business models. In the face of limitless choice, the winners will be those who can “utilise data to respond to audience demands most nimbly and drive an experience that feels personalised, yet taps into the collective need we all share to be entertained and informed”.

2.2 South African Film Consumption Trends

The South African Film Industry (SAFI) contributed R3.5 billion to the country’s GDP in 2013, providing employment for more than 25,000 people (NFVF, 2013). KZN contributed 9% to this 3.5 billion and 6% of the 25,000 jobs – this equates to approximately R327.46 million, and 1,481 direct jobs (KZNFC, 2015). The film sector makes up 0.5% of KZN’s total GDP. The sub-sections below discuss consumer spending, box office revenue and consumer film preferences.

2.2.1 Consumer Spending

The table below displays the historical and forecasted consumer spending on media and entertainment in South Africa 2011-2020.

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cinema</td>
<td>858</td>
<td>885</td>
<td>945</td>
<td>941</td>
<td>1113</td>
<td>1044</td>
<td>1077</td>
<td>1113</td>
<td>1153</td>
<td>1193</td>
<td>6.7%</td>
<td>1.4%</td>
</tr>
<tr>
<td>% YOY</td>
<td>3.1%</td>
<td>6.8%</td>
<td>-0.4%</td>
<td>18.3%</td>
<td>-6.2%</td>
<td>3.2%</td>
<td>3.3%</td>
<td>3.6%</td>
<td>3.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td>12 679</td>
<td>17 443</td>
<td>25 154</td>
<td>32 533</td>
<td>39 402</td>
<td>45 004</td>
<td>50 729</td>
<td>56 581</td>
<td>62 546</td>
<td>68 471</td>
<td>32.8%</td>
<td>11.7%</td>
</tr>
<tr>
<td>% YOY</td>
<td>37.6%</td>
<td>44.2%</td>
<td>29.3%</td>
<td>21.1%</td>
<td>14.2%</td>
<td>12.7%</td>
<td>11.5%</td>
<td>10.5%</td>
<td>9.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TV and video</td>
<td>16 020</td>
<td>17 080</td>
<td>18 217</td>
<td>19 195</td>
<td>21 007</td>
<td>22 858</td>
<td>24 536</td>
<td>25 951</td>
<td>27 022</td>
<td>27 703</td>
<td>7.0%</td>
<td>5.7%</td>
</tr>
<tr>
<td>% YOY</td>
<td>6.6%</td>
<td>6.7%</td>
<td>5.4%</td>
<td>9.4%</td>
<td>8.8%</td>
<td>7.3%</td>
<td>5.8%</td>
<td>4.1%</td>
<td>2.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Consumer internet spending grew at a compounded annual growth rate (CAGR) of 32.8% over the period 2011–2015. A slowdown is expected between 2015 and 2020 (to a CAGR of...
11.7%), due to the fact that mobile internet penetration remains under 50%. Mobile internet penetration is however set to break 70% by 2020.

Cinemas experienced a compound annual growth rate (CAGR) of 6.7% from 2011–2015 but this is expected to slow to 1.4% from 2015–2020.

TV and video remains fairly stable, experiencing a 7% CAGR over the 2011–2015 period, and expecting to grow around 5.7% until 2020. Pay-TV (VOD) revenue makes up only 2.2% of the total TV and video spend, however, its growth in 2015 was a large 106% (R46 million). Pay-TV growth is strong due to “both organic growth and upselling consumers to premium packages” (PWC, 2016).

2.2.2 Cinema Revenues

In terms of feature film production in South Africa, most films produced domestically are financed by a combination of box office income, sales to television, DVD sales, and state (or donor) funding.

South African cinema revenues (box office and advertising) are identified in the figure below. Total cinema revenue in South Africa was R1.8 billion in 2015, with R1.19 billion due to box office revenue and just over R600 million due to advertising revenue; this equates to approximately $100 million, which means that the South African film industry comprised about 2.6% of the global box office in 2015.

Figure 1: Cinema Revenues in South Africa (2011 - 2015) in Rand (Millions)

Source: (PWC, 2016)
In 2015, domestic films increased by 25% at the box office, recording box office revenue of R69 million, and then only increased to just over R69 million in 2016. This revenue represented a 6% market share for local films, in comparison with 55.4% in Japan, 35.2% in France, 25% in Germany, 18.9% in Spain, and 11% in the UK (NFVF, 2016). Research on global best practices in Section 2.4 note that many of these European nations have strong government support for local content such as quotas, industrial policy, etc. However, language can also play a significant role in boosting local consumption, and this could specifically be the case within Japan, France, Germany, and Spain.

Of the total 228 titles shown at the box office in 2016, 28 were local films, meaning that 87.7% of films were imported in 2016 (which is an improvement from 2015, in which 90% of films were imported). In 2007, it was noted that South Africa imported 70% of its content from USA and 15% from the UK (Deloitte, 2007). This is echoed by the 2016 Box Office Report which indicates that the South African Box offices continues to be dominated by the USA followed by USA/UK co-production (NFVF, 2016). Domestic production remained stable since 2010, with an average of 23.4 domestic films on the box office per year between 2010 and 2016 (NFVF, 2016). The box office revenue of domestic films in 2016 are displayed below:

**Figure 2: Top 10 South African Films in 2016**

<table>
<thead>
<tr>
<th>Movie</th>
<th>Release</th>
<th>Weeks on circuit</th>
<th>Genre</th>
<th>Cumulative Box Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vir Altyd</td>
<td>February</td>
<td>9</td>
<td>Action/Crime</td>
<td>R15 535 579</td>
</tr>
<tr>
<td>Happines is a Four Letter Word</td>
<td>February</td>
<td>12</td>
<td>Comedy</td>
<td>R13 188 020</td>
</tr>
<tr>
<td>Vir Die Voels</td>
<td>February</td>
<td>8</td>
<td>Romance</td>
<td>R8 541 773</td>
</tr>
<tr>
<td>Mrs Right Guy*</td>
<td>June</td>
<td>14</td>
<td>Drama</td>
<td>R4 412 589</td>
</tr>
<tr>
<td>n Paw Paw vir my Darling</td>
<td>January</td>
<td>5</td>
<td>Action/Comedy</td>
<td>R4 024 034</td>
</tr>
<tr>
<td>Noem my Skollie</td>
<td>September</td>
<td>11</td>
<td>Drama</td>
<td>R3 496 315</td>
</tr>
<tr>
<td>Dis Koue Kos Skat</td>
<td>August</td>
<td>6</td>
<td>Drama</td>
<td>R3 186 127</td>
</tr>
<tr>
<td>Jou Romeo*</td>
<td>December</td>
<td>4</td>
<td>Romance</td>
<td>R2 802 837</td>
</tr>
<tr>
<td>Sy Klink Soos Lente</td>
<td>September</td>
<td>5</td>
<td>Drama</td>
<td>R2 380 052</td>
</tr>
<tr>
<td>Modder n Bloed (Blood and Glory)</td>
<td>April</td>
<td>6</td>
<td>Comedy/Romance</td>
<td>R2 036 702</td>
</tr>
</tbody>
</table>

Source: (NFVF, 2016)
The above list of the top 10 domestic films highlights the fact that films for the Afrikaans market dominate the South African box office, with 8 of the 10 top films being Afrikaans films. The image below displays the total box office in 2016 by language:

Figure 3: Total South African Box Office by Language (2016)

![Market Share by Language](image.png)

Source: (NFVF, 2016)

65% of all domestic films released in 2016 were in Afrikaans, 28% were English films (up from 3% in 2015), 4% were bilingual English/Afrikaans, and 3% were Afrikaans/English. There were no isiZulu films on the box office in 2016, while isiZulu films contributed 1% in 2015. In 2015, English/isiZulu films accounted 6% while there were no English/isiZulu films on the box office in 2016. These statistics are surprising as the percentage of Afrikaans speakers in South Africa is only 13%, yet 68% of all domestically produced film content contains Afrikaans. 22% of the South African population speak isiZulu (Census 2011) and as such domestic isiZulu films are significantly under produced in relation. Afrikaans productions are doing well because there are many productions with a variety of content, they are generally family oriented, and productions are usually of good quality.

It is understood that the apartheid policy in support of the Afrikaner film industry still plays a role in the success of Afrikaans films. In 1956, a subsidy system (tax rebates) was introduced to encourage local productions for mainly white audiences under apartheid. The subsidy was discontinued in 1992, however the “skilled technical and crew base, as well as audio-visual facilities” was retained in South Africa (Collins, 2013), and this would have remained within the hands of white South Africans who had benefited from the subsidy scheme. Given that
black South Africans were “excluded from many opportunities under apartheid”, transformation remains a major challenge within the industry (Collins, 2013).

2.2.3 Filmed Content Preferences

Based on television ratings for SABC, eTV and MultiChoice, the preferences of South African filmed content consumers can be unpacked. The table below displays the top 5 most viewed primetime (17h30-22h00) shows from November 2016 – February 2017 (top viewed shows on the most viewed days). South African content has been indicated in blue.

Table 2: Top 5 Programs by Viewer Numbers (Nov 16 - Feb 17)

<table>
<thead>
<tr>
<th>Month / Channel</th>
<th>Nov-16</th>
<th>Dec-16</th>
<th>Jan-17</th>
<th>Feb-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>SABC 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Uzalo</td>
<td>Uzalo</td>
<td>Uzalo</td>
<td>Uzalo</td>
</tr>
<tr>
<td>3</td>
<td>Skeem Saam</td>
<td>Skeem Saam</td>
<td>Skeem Saam</td>
<td>Skeem Saam</td>
</tr>
<tr>
<td>4</td>
<td>Mutual Friends</td>
<td>The Virgin Vegan</td>
<td>Moseto</td>
<td>Vodacom Milliar</td>
</tr>
<tr>
<td>5</td>
<td>Vodacom Millionaires</td>
<td>The Grooms Prince</td>
<td>Vodacom Millionaires</td>
<td>Metro FM Awards</td>
</tr>
<tr>
<td>SABC 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Muvhango</td>
<td>Muvhango</td>
<td>Uzalo</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Lotto Live Draw</td>
<td>Lotto Live Draw</td>
<td>Lotto Live Draw</td>
<td>Lotto Live Draw</td>
</tr>
<tr>
<td>3</td>
<td>Bitso Lebe Ke Seromo</td>
<td>Behind the Scenes: 7de Laan</td>
<td>Music</td>
<td>Muvhango</td>
</tr>
<tr>
<td>4</td>
<td>Crown Gospel Music Awards 2016</td>
<td>Speak Out</td>
<td>Keeping Score</td>
<td>Skee Saam</td>
</tr>
<tr>
<td>5</td>
<td>Speak Out</td>
<td>Bitso Lebe Ke Seromo</td>
<td>Speak Out</td>
<td>Ngwanaka Ngwanaka O Kae</td>
</tr>
<tr>
<td>SABC 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Isidingo</td>
<td>The Bold and the Beautiful</td>
<td>Top Billing</td>
<td>Generations: The Legacy</td>
</tr>
<tr>
<td>2</td>
<td>Snow White and the Huntsman</td>
<td>Isidingo: The Need</td>
<td>Isidingo: The Need</td>
<td>Top Billing</td>
</tr>
<tr>
<td>3</td>
<td>The Bold and the Beautiful</td>
<td>Cricket Wrap Up Show</td>
<td>The Exes</td>
<td>The Exes</td>
</tr>
<tr>
<td>4</td>
<td>Kidnapped: Lost in Africa</td>
<td>Cricket</td>
<td>Surf's Up</td>
<td>Isidingo: The Need</td>
</tr>
<tr>
<td>5</td>
<td>Neil Anthony Private Chef</td>
<td>I Saw My Mommy Kissing Santa</td>
<td>Top Chef</td>
<td>Cricket</td>
</tr>
<tr>
<td>eTV</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Scandal</td>
<td>Scandal</td>
<td>Scandal</td>
<td>Scandal</td>
</tr>
<tr>
<td>2</td>
<td>Rhythm City</td>
<td>Rhythm City</td>
<td>Gold Diggers</td>
<td>The Expendables 2</td>
</tr>
<tr>
<td>3</td>
<td>Spiderman 3</td>
<td>Yesterday</td>
<td>Rhythm City</td>
<td>The Expendables</td>
</tr>
<tr>
<td>4</td>
<td>Spiderman 2</td>
<td>21 Jump Street</td>
<td>GI Joe</td>
<td>Rhythm City</td>
</tr>
<tr>
<td>5</td>
<td>SA's Got Talent</td>
<td>WWE Wrestling</td>
<td>Ride Along</td>
<td>Big Momsas House</td>
</tr>
<tr>
<td>Multi-Choice</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Isibaya</td>
<td>Isibaya</td>
<td>Isibaya</td>
<td>Isibaya</td>
</tr>
<tr>
<td>2</td>
<td>Our Perfect Wedding</td>
<td>Isibaya</td>
<td>Our Perfect Wedding</td>
<td>Our Perfect Wedding</td>
</tr>
<tr>
<td>3</td>
<td>Idols SA</td>
<td>Our Perfect Wedding</td>
<td>Saints and Sinners</td>
<td>Saints and Sinners</td>
</tr>
<tr>
<td>4</td>
<td>It’s Complicated</td>
<td>Isibaya</td>
<td>Lockdown</td>
<td>Date My Family</td>
</tr>
<tr>
<td>5</td>
<td>The Queen</td>
<td>Our Perfect Wedding</td>
<td>The Queen</td>
<td>Lockdown</td>
</tr>
</tbody>
</table>

Source: (BRCSA, 2017)
All the top 5 viewed programs on SABC 1 and 2 are domestic programs (except one program titled ‘Music’), with Uzalo, Generations, Skeem Saam, and Mavhango being the leading programs. Uzalo tops the charts with 8.4 million viewers (in Dec 2016 & Feb 2017) followed by Generations with 8.3 million viewers (in Dec 2016). All of the top programs on MultiChoice (DSTV) are also domestic, with Isibaya leading viewership. Most of these programs are featured on Mzansi Magic. Scandal, another domestic production, leads on eTV across the timeframe, followed by Rhythm City. SABC 3 is the least popular in relation to domestic content, although Isidingo attracted the most viewers in December 2016 and January 2017. This echoes the sentiments of many stakeholders consulted, who noted that people like to ‘see themselves’ when watching television and movies – in other words, they enjoy seeing familiar scenes and faces to which they can relate. This sentiment also holds true for language, with the most viewed content largely comprising of isiZulu and isiXhosa language shows.

2.3 South African Film Distribution and Exhibition

2.3.1 Distribution

During engagement with industry stakeholders, it was noted that international filmmakers spend around 30% of the production budget on marketing and advertising. Although not directly comparable, the NFVF baseline study identified that marketing and distribution contributed only 5% (R63 million) to the total size of the SAFI, which provides an indication of the level of production spending that marketing contributes within South African in comparison to international standards.

Some of the key film distributors in South Africa are:

- Times Media Films;
- Indigenous Film Distribution (recently purchased by Times Media);
- Ster-Kinekor;
- United International Pictures (UIP);
- Black Sheep Films;
- Crystal Brook Distribution; and
- Next Entertainment.

Given the rise in online platforms like YouTube and other online streaming platforms, many producers are opting to promote and distribute their own filmed content. In addition, access to the Internet has broadened the reach of distributors, reducing the time and costs for filmed content to reach the market.
2.3.2 Exhibition

The exhibitors within KwaZulu-Natal are identified in the table below. The current film exhibition model in South Africa is characterised by the fact that most cinemas are located in large retail complexes, and KZN is no exception, with all commercial cinemas identified being located within retail centres (Gateway, Pavilion, Galleria, Liberty Midlands Mall, etc.). This occurrence is largely due to the fact that cinemas “require a critical mass of footfall in order to operate sustainably”, and as such, need to be located at “entertainment and transport hubs in order to generate the required footfall at the right times of the day” (KZNFC, 2015). Gateway has “higher revenues than any other cinema complex in South Africa, followed by Montecasino in Gauteng” (KZNFC, 2015); this statistic is attributed to the fact that Gateway is the largest retail centre in KZN and has a regional market catchment area drawing people from as far as Richards Bay and Newcastle.

Ten cinemas were identified in KZN, which comprise of approximately 89 screens and employ around 244 people (KZNFC, 2015). The table below displays these cinemas, their operator, complex, location and number of screens.

Table 3: Cinemas in KwaZulu-Natal

<table>
<thead>
<tr>
<th>Cinema Operator</th>
<th>Complex</th>
<th>No. of Screens</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ster-Kinekor</td>
<td>Gateway</td>
<td>18 + 5 (Nouveau)</td>
<td>Umhlanga</td>
</tr>
<tr>
<td>Ster-Kinekor</td>
<td>Musgrave</td>
<td>7</td>
<td>Central Durban</td>
</tr>
<tr>
<td>Ster-Kinekor</td>
<td>Shelly Beach</td>
<td>6</td>
<td>Shelly Beach</td>
</tr>
<tr>
<td>Ster-Kinekor</td>
<td>Watercrest Mall</td>
<td>6</td>
<td>Waterfall</td>
</tr>
<tr>
<td>Ster-Kinekor</td>
<td>Boardwalk</td>
<td>5</td>
<td>Richards Bay</td>
</tr>
<tr>
<td>Nu Metro</td>
<td>The Pavilion</td>
<td>12</td>
<td>Westville</td>
</tr>
<tr>
<td>Nu Metro</td>
<td>Galleria</td>
<td>11</td>
<td>Amanzimtoti</td>
</tr>
<tr>
<td>Cine Centre</td>
<td>Suncoast</td>
<td>8</td>
<td>Central Durban</td>
</tr>
<tr>
<td>Cine Centre</td>
<td>Liberty Midlands Mall</td>
<td>7</td>
<td>Pietermaritzburg</td>
</tr>
<tr>
<td>Private</td>
<td>Victorian Theatres</td>
<td>4</td>
<td>Newcastle</td>
</tr>
<tr>
<td><strong>All</strong></td>
<td><strong>All</strong></td>
<td><strong>89</strong></td>
<td><strong>KwaZulu-Natal</strong></td>
</tr>
</tbody>
</table>

Source: Adapted from (KZNFC, 2015)

Ster-Kinekor (47 screens) and Nu Metro (23 screens) dominate and KwaZulu-Natal exhibition market, comprising 78% of the total 89 screens in KZN.

An important factor to consider is that all commercial cinemas are located within urban areas. This is another negative implication from the apartheid era, with apartheid spatial planning policies only making provision for cinema infrastructure in the urban areas to cater for the white South African market; this highlights the need to identify initiatives to take film to...
communities who don’t have the resources to (a) access cinemas in urban areas and (b) afford the cost of the cinema experience.

In relation to cinema exhibition revenues and costs, given the quality standards that are set by studios for basic exhibition infrastructure, it costs approximately R1,2 million per screen. Viewers also demand the latest content, which increases the royalties that distributors need to pay, and margins are therefore slim. This ‘latest content’ is often the result of ‘output deals’ between producers, distributors and exhibitors, which guarantees that content from production and/or distribution companies is screened by exhibitors. In addition, South Africa also has some of the cheapest cinema ticket and confectionery prices (relatively) in the world (KZNFC, 2015). As such, complexes with many screens can move a large volume of content while smaller cinemas with between 1 and 4 screens are often not viable. Smaller cinemas can only be “viable if they use an outdoor/mobile model and screen less-recent films” (KZNFC, 2015).

Some of the challenges that have been identified in the exhibition sub-sector are (KZNFC, 2015):

- A lack of a movie-going culture in South Africa;
- Falling attendances;
- Pirated downloads/pirated DVDs;
- Perception that content can be obtained cheaply or for free;
- Attendance is mainly limited to the 16-24 year olds and the over 60 age brackets;
- Home entertainment systems have reduced dramatically in price;
- Transport to cinemas is often difficult/costly; and
- Traditional movie time slots do not suit everyone.

Other platforms that have been used for exhibition include, the Playhouse Theatre and Elizabeth Sneddon Theatre (during Durban International Film Festival), Ekhaya Multi Arts Centre (KwaMashu Film Festival), outdoor screenings such as Wavescapes Surf Film Festival (Durban Beachfront), the Botanical Gardens (Durban), and schools and community halls. However, most of these platforms again exclude a large proportion of the population due to factors such as accessibility and cost. Lessons can be learnt from the Shungu Namutitima International Film Festival in Zambia, as when they started in 2012 they had difficulty in attracting audiences, even with free entrance (also, it was seen as an activity for tourists). They took a decision to screen films in communities at facilities such as churches and in public parks, and this attracted of a broader audience. In addition, given that large audiences gather
to watch sport on the big screen, they utilised this model and now partner with restaurants and nightclubs to screen outside their venues.

Throughout the stakeholder consultation process, the concept of community screenings was mooted. It was suggested that in order to build a culture for local film, people need to have affordable access to local content. Technology provides an opportunity, as it becomes cheaper and easier to bring content into communities, for example, internet connectivity can allow schools, libraries, churches, community halls, parks and other public spaces to become screening platforms. Some of the approaches related to community screenings identified are:

- Internet and telecommunications companies can be encouraged to provide access as part of their social responsibility;
- Partnerships can be established with human rights organisations in order to fund and promote screenings;
- Awareness campaigns can also be attached to screenings, where relevant educational content can be screened and coupled with Q&A sessions around related issues;
- Filmmakers and actors can also utilise these platforms to engage with communities (outreach programmes such as done by Uzalo) through meet-and-greets, signings and Q&A sessions, to promote their productions; and
- Local musicians can be leveraged to perform before screenings and during Q&A sessions.

These approaches however require buy-in from local community leaders, who can support and even promote such events. Potential exists to train and support local youth to facilitate community screenings and Q&A sessions. Organisations such as Steps for the Future and Sunshine Cinema have already operationalised these community models in South Africa, and partnerships with such stakeholders should be developed within the KZN content.

Steps for the Future have produced more than 50 documentaries (human rights-related stories), through a participatory approach, which are screened in communities in order to engage with the broader community (Steps for the Future, 2017). Sunshine Cinema is a solar-powered mobile cinema, which screens content to communities across Southern Africa in order to act as a “catalyst for dialogue, deep listening and ultimately positive social and environmental change” (Sunshine Cinema, 2017).
2.4 Audience Development Best Practice

According to the UK Independent Cinema Office (ICO), the concept of audience development has become broader over the past 10 years. The main considerations for audience development are displayed below (ICO, 2017):

Table 4: Main Considerations for Audience Development

<table>
<thead>
<tr>
<th>Audience retention</th>
<th>Keeping existing audiences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Added value</td>
<td>Enhancing the experience of audiences; providing audiences with opportunities to develop knowledge and better understanding of film</td>
</tr>
<tr>
<td>Frequency</td>
<td>Making existing audiences attend more often</td>
</tr>
<tr>
<td>New audiences</td>
<td>Bringing to the programme/venue people who haven’t attended before</td>
</tr>
<tr>
<td>Cultural diversity</td>
<td>Increased take-up from minority ethnic and social groups; Expanding audience knowledge and taste through programming of a broader range of cultural forms and traditions</td>
</tr>
<tr>
<td>Social inclusion</td>
<td>Increasing audiences from deprived areas and communities</td>
</tr>
<tr>
<td>Rural inclusion</td>
<td>Increasing audiences from isolated rural areas</td>
</tr>
<tr>
<td>Geographic reach</td>
<td>Achieve awareness of programme/venue across a particular geographic area</td>
</tr>
</tbody>
</table>

Source: (ICO, 2017)

Audience development cannot be viewed in isolation from the development of the broader film industry value chain. An increase in the number of domestic productions will directly lead to an increase in the consumption of local content and, as such, it is important to understand the general approaches that have been followed globally to boost film industries. The value-chain of the film industry is displayed in the diagram below, as per the NFVF South African Film Industry Economic Baseline Study (2013):

Figure 4: Value-Chain of the Film Industry

Source: Adapted from (NFVF, 2013)
Audience development needs to be considered across the entire value chain of any filmed content production. Stakeholders have noted the importance of ensuring that content is developed with the specific target audience in mind as this will ensure commercialisation of the product. Although marketing and distribution are critical functions in ensuring that the content is correctly advertised and reaches its intended market via all available platforms, understanding the target audience from the pre-production stage is even more important. Marketing and distribution will fail if content is not developed with an audience in mind. Furthermore, stakeholders noted that many best practice film nations promote the film, and specifically the actors, throughout the entire production process of a film – this ensures that when it comes time for distribution, the production is widely known and desired by the target audience.

Generally, the drivers to growth in the global film industry are physical location, infrastructure, talent and skills, funding and incentives, as well as government support. Quotas towards protection of local content have been another driver of growth in the industry. Some of the major impediments to growth include a lack of finance for small film companies and a lack of government support structures. Importantly, the lack of availability of funds for distribution and facilitation facilities appears to be major barrier to the growth in many developing nations’ film industries, and this has a particular impact on the development of audiences.

Countries, in various stages of maturation, such as Canada, Australia, Russia, Nigeria, India, Argentina and China, have used industrial policy to try and boost their film industries, and they have had varying levels of success (Tuomi, 2006). Film industries in Europe, such as France, Ireland, Italy, and Spain, have also enjoyed a significant degree of government support. In the majority of these European countries, “the regulatory framework makes it mandatory for broadcasters to support national film productions” (Tuomi, 2006). Within Canada specifically, the industry has benefitted from funding support for feature films, and specifically, feature film distribution funding and tax credits. In France, cinema chains taxed foreign films to drive up the cost to screen foreign content and thus driving local distributors to acquire and promote local content to exhibitors.

Since the start of the century, the US has been the principal player in the film industry, which can be largely attributable to fiscal and regulatory interventions by the US government. However, even without government support, the “distribution-led nature of the US industry ensures sustainability” as “distribution earnings far exceed production outlay, and the balance is used to help finance the production of more films” (Tuomi, 2006). Essentially, the US has a ‘distribution-focus’ and considers film an ‘industry’ and feature films a ‘commercial product’.
Countries such as Korea and Brazil have tried to boost their film industries by enforcing regulations that required broadcasters to increase local content. The Korean model was not very successful, mainly because there was no consistency in the films being produced and people were not happy with the content. The Brazilian model has, however, been successful. In the implementation of models, there must be consistency and sustainability.

Within the South African context, 9 non-African international co-production treaties have been signed to date with United Kingdom, France, Australia, Ireland, Italy, Canada, Germany, the Netherlands, and New Zealand, and a co-production treaty with Kenya in Africa. These treaties provide producers from both countries access into their respective domestic markets and allows producers to apply for any benefits or programs of assistance available in either country (NFVF, 2017). The co-production treaty with Germany saw the most success for South Africa, with 15 films being produced from 2012–2014, although total co-productions halved over the same period. The only other active co-production treaties were with Canada and UK in 2014. Nevertheless, South African producers can take advantage of funding available within these co-production countries to assist them with development, production and marketing and distribution of production, as well as enable them to leverage these international markets for distribution of co-produced films.

**Case Study: Nigerian Film Industry (Nollywood)**

The Nigerian film industry has experienced tremendous growth over previous years. In 2016, the industry accounted for N853.9 billion ($7.2 billion), or 1.42% of Nigeria’s GDP and is a major employer in the country. The industry, directly and indirectly, employs more than one million people and is said to be the second largest employer after the country’s agriculture industry (Omanufeme, 2016).

Nigerian films gained popularity during the digital revolution, which started in the early 1990s. Nigeria used inexpensive VHS tapes and players which could be accessed easily and consumers could afford easily; later film technology evolved and people started using DVDs, etc. There are a large number of DVDs being sold on the streets in Nigeria and as such, partnerships have developed between distributors and street vendors to ensure that they can buy the DVDs at reduced prices. The DVD market came about due to a number of factors such as the collapse of the “exchange rate and demise of cinema going, coinciding with the proliferation and cheap availability of ‘grey’ video machines amongst a
burgeoning middle class” (Rorvik, 2012). As such, filmmakers ‘turned inward’ and started to produce low budget films for the growing enthusiastic home viewing market.

Content has been incredibly important for the success of the Nigerian industry, with one Nigerian writer noting that an important contributor to the growth of the Nigerian film industry is the use of the indigenous content of issues, relevant to a mass audience (Omanufeme, 2016).

Nigerian movies are also however being increasingly consumed outside of Nigeria (Bisschoff, 2015). In South Africa, there is a large audience for the consumption of Nigerian movies. South Africa’s DSTV caters for these consumers by offering channels that focus on specifically providing African, and mainly Nigerian, movies (e.g. Africa Magic), which has made it easy for people to access Nigerian movies.

Typical films are produced with a turn-around time of 3-4 weeks, and are released quickly as to “make money back before piracy takes over” (Rorvik, 2012). The average cost of producing a movie in Nigeria is between $25 000 and $70 000 and movies released as DVDs are reported to sell more easily. Despite low production values, these local stories offer “viable return on investment, both in Nigeria and neighbouring territories as well as in diasporic markets” (Rorvik, 2012).

Greater Internet access, increased smartphone use as well as improved bandwidth played an important role in the production boom (Omanufeme, 2016). Platforms such as Nigeria’s iROKOtv (‘Nigeria’s Netflix’) offer new channels for distribution of the 2,000+ Nollywood films produced annually. iROKOtv pays filmmakers about $10,000 to $25,000 for the right to stream their content for a period of time. They claim to be ‘the world’s largest online distributor of African content’ and have a catalogue of 5,000 Nollywood films (Omanufeme, 2016). iROKOtv have managed to secure more than $40 million from foreign investors over the past years (FT, 2016), indicating the massive value of the company and potential for VOD of African content.

In terms of the NFVF approach towards audience development, the following activities have been identified in the Economic Baseline Assessment (NFVF, 2013):

- Development of a separate film incentive for low budget films targeting the broader demographic; and
• Development of a separate film incentive for low budget films such as documentaries (that do not qualify for the minimum threshold under the current film incentive).

The Gauteng Film Commission currently has a number of initiatives towards growing the market for locally produced South African films. These include the following:

Figure 5: Gauteng Film Commission Audience Development Initiatives

| Monthly Film Viewing and Debates | • Screen films at non-traditional viewing venues that provide highly refined experience of cutting-edge cultural innovations in art and entertainment within an imaginative atmosphere.  
• Create a platform for filmmakers in the area to interact with audiences |
| --- | --- |
| Township Bioscope Screenings | • Create a platform for filmmakers to showcase their work  
• Foster the appreciation of local content among cinema goers  
• Facilitate the growth of a cinema appreciation culture  
• Increase investor confidence in local content  
• Empower individuals to become active economic participants in the film industry |
| Gender, Youth and Disability Projects | Gender  
• Promote gender equality through screenings  
• Invite experts on gender issues  
• Partner with gender organisation  

Youth  
• Introduce film as a career  
• Develop higher learning institution film clubs  
• Have film exhibitions  
• Partner with youth development institutions  

Disability  
• Identify disability schools and organisations  
• Screen content that will not only entertain, but also empower  
• Conduct roadshows with disabled filmmakers and professional disabled persons to inspire learners. |

Source: (GFC, 2017)

2.5 Barriers to Consumption of South African Content

Understanding the current cinema exhibition model in South Africa and global production and consumption trends assists in identifying the barriers to consumption of SA content.

Firstly, on a global level, **South Africa is producing a small number of domestic films.** At this scale it is difficult for South African films to penetrate the market, which is saturated with high-budget global productions. South African filmmakers have noted that they lack funds to effectively market and distribute films and as such, they can’t compete with international
productions, which allocate up to 30% of production budget to marketing and distribution. South Africa’s two largest exhibitors (Nu Metro and Ster-Kinekor) import large international productions with which local films often cannot compete. Given that local content distribution is often fragmented (and due to the content acquisition model of foreign distributors) and has to compete for scheduling with large international films, local productions are often scheduled for a much shorter time as they are not as profitable.

The **quality and content of domestic productions** not only acts as a barrier to local consumption, but also as a barrier to the general growth of the domestic industry as a whole. Relatively small local budgets do not allow local producers or filmmakers to produce content of a higher quality to compete with global content. However, quality has not always been a barrier, such as in Morocco and Nigeria, where consumers sacrifice quality for local, recognisable/familiar content. If filmed content does not have a strong storyline and is not developed with the target market in mind, the chance of success is reduced significantly. Filmmakers in South Africa often don’t develop content in line with the desires and preferences of their identified target audience (i.e. through the development of a business plan and marketing strategy at conceptualisation stage), and do not market their production throughout the entire value-chain to these audiences; this significantly reduces the chances of success of the production and its potential to reach its intended target market. The strategy should be that the plot is convincing and that there is a market for the film; if there is a market, the next focus should be on how the market can be reached.

The South African Film Industry (SAFI) is a ‘subsidy-based’ film industry as it is heavily reliant on subsidies from government entities such as the NFVF. As such, the industry is not ‘commercialised’ as is the case in the Hollywood, Nollywood and Bollywood, where the industry is highly competitive. This situation is a barrier to audience development, as subsidised productions reduce the personal financial liability on the filmmaker who is, therefore, less inclined to consider the audience when developing the film. As such, much domestic film content is not developed with the preferences of audiences in mind, which reduces the production’s potential to succeed when it is released to the market. A solution to this is to encourage producers and filmmakers to develop robust business plans which determine the market demand and feasibility of the production and an associated marketing and distribution strategy to ensure the film reaches the intended target market.

**Accessibility to cinemas** also remains a problem. As identified, cinemas are predominately located in urban nodes, and as such, this excludes a large proportion of the population who reside outside of the urban nodes. Additionally, the cost of a cinema experience (tickets and
confectionery) is unaffordable for most of the population of KZN, with almost 70% of households in 2011 earning below R3,300 per month, leaving no disposable income after basic necessities. Given that this trend is similar nationwide (62% of households have an average income of less than R3,300 per month), another challenge is that of a constrained domestic market.

**Language** has also been highlighted as a barrier to consumption of filmed content in South Africa. As noted previously, the majority of domestic filmed content in cinemas in 2016 was Afrikaans (65%), which plays to a very small market and as such, excludes a large percentage of the population. However, language can also be a driver of local consumption, as Afrikaans content draws large numbers of Afrikaans-speakers to the cinema, who might otherwise not visit the cinema; the same scenario can be applied to isiZulu content on television, with television ratings indicating that two of the most popular shows on between November 2016 and February 2017 on SABC 1 and DSTV (Uzalo and Isibaya) are in isiZulu.

### 3 Analysis of Fieldwork

#### 3.1 Survey Sample

A detailed Field Research Report was developed during Phase 1 of the project (Inception and Field Research Preparations). This report provided a detailed survey sample, which split the total required surveys (1,200) by household income and survey location (urban/rural).

A total of 1,237 survey questionnaires were administered across the province, undertaken in two stages. The first stage entailed rolling out a pilot survey and the second stage, the full questionnaire survey. 81 pilot questionnaires were completed between 28th and 30th January 2017 in order to test the questionnaire. Thereafter, a team meeting was held in which the results were presented and changes proposed for the questionnaire. After these changes were made, the full survey was rolled out. The final number of questionnaires completed was 1,154, between 10th February 2017 and 14th March 2017. The breakdown of questionnaires per district is displayed in the figure below:
The legacy of apartheid spatial planning is still clearly evident within the province, and this is echoed by the results of the survey. The results indicate that those located outside of urban nodes continue to be marginalised and lack access to services, facilities and employment, and this is even more relevant within the context of filmed content consumption, where people have limited (or no) access to cinemas or even disposable income for other forms of entertainment – this must be kept in mind when assessing the key findings of the survey, which are undertaken in two sections, namely, (1) demographic profile and (2) filmed content preferences.

3.2 Demographic Profile

A demographic profile for the survey population is presented in this section, in order to understand the socio-economic characteristics of the survey population. Where relevant, the results will be compared with the Census 2011 information for KwaZulu-Natal.

3.2.1 Social Profile

97.6% of the survey population are South African, 2.1% are foreign nationals and 0.3% responded that this was confidential. The survey resulted in a fairly equal split between male and female respondents, with 52% of the population being male, and 48% female.

The distribution of the survey population across the age groups is displayed in the figure below. 57% of the survey population were youth (15-35), which is the same as the KZN population. About 24% of the population was between 35 and 44 years of age, 12% were from
45-54 years of age, and 5% were between 55 and 64 years of age. As such, the working age population (14-64 years) comprised 99% of the survey population, with only 1% of the population being over 64 years of age.

Figure 7: Age Profile

The racial profile of the survey population is displayed in the figure below, alongside the racial profile for the province as per the Census 2011 data. The profile of the survey and Census are closely aligned. 86% of respondents were African, 7% were Indian, 5% were White, 2% were Coloured, and only 0.3% were classified as other.

Figure 8: Racial Profile (2017 Survey and 2011 Census for KZN)

The language profile of the survey population is displayed in the figure below. As with the racial profile, the language profile of the survey population is closely aligned that of the Census 2011 for KZN. 79% of the survey population speak isiZulu as their home language, followed
by 12% who speak English, 5% speak isiXhosa, 2% speak Afrikaans, 1% speak SeSotho, while only 1% speak other languages. According to Census 2011 data, 77% of the KZN population speak isiZulu, 13% speak English, and 3.3% speak isiXhosa.

Figure 9: Home Language

The primary modes of transport that respondents use to travel from their home to work, shops or school is displayed in the figure below. Over 54% of the survey population utilise taxis as their primary mode of transport, followed by almost 20% who use private vehicles, and just over 17% who walk. Just over 7% use a bus service while less than 1% use the train or other modes (passengers in private vehicles).

Figure 10: Main Type of Transport
3.2.2 Education and Employment

The breakdown of the highest level of education of the survey population is displayed below. More than 56% of the survey population received a high-school education, which is greater than the 34% that had received a high-school education (matric) in the Census 2011 for KZN. Only 5% of the survey population did not receive any schooling and just over 7% only received primary schooling, compared to the Census results, which are 11% and 13% respectively. Around 15% of the survey population received education at a technical college or university, which varies significantly from the KZN population according to the Census 2011, which indicated that only 5% of the population received an under-grad or post-grad education.

Figure 11: Highest Level of Education

The employment profile of the survey population is displayed in the figure below, and indicates that over 44% of the survey population were employed while 13% were unemployed. Just more than 20% were self-employed and almost 9% were informally employed. As such, a total of 73% of the survey population were either formally, informally of self-employed. 11% said they were students while just over 1% are retired. Census 2011 information for KZN noted that 32% of the population were employed, while 16% were unemployed.
3.2.3 Household Profile

The profile of households is presented in below, in order to better understand the size of households, monthly income and expenditure on film and entertainment, items they have within their households, and their use of social media. Over 72% of households had more than 5 members per household, while around 25% of households comprise 5 persons, 20% comprise 6 persons, and 26% comprise 7 or more persons. 15% of households comprise 4 persons, while only 12% of households have less than 3 persons.

25% of households earn less than R3,500 per month, which is much less than the Census 2011 (KZN) figure of 68% of households. 26% of households earn between R3,500 and
R6,000 per month, while almost 27% earn between R6,000 and R12,000 per month. These household income brackets are greater than that of the 2011 Census data for KZN, which indicates 12% and 8% respectively. 15% of households earn between R12,000 and R25,000 per month, which again is greater than what was indicated in 2011 - just over 6%. Just more than 6% of households earn more than R25,000 per month, which compares with the Census 2011 figure for KZN of 5.7%.

Figure 14: Average Monthly Household Income

Unfortunately, a more recent household income distribution for KZN is not available, however, it is expected that some households moved into higher income brackets due to the impact of inflation (CPI) on their household income.

Almost 98% of the survey population have a television inside of their household, while almost 93% have a cellphone within their house. The Census 2011 data for KZN indicates that only 67% have televisions inside their homes, while 88% had a cellphone. Given that over 72% of households have more than 5 members per house, this even further enhances the reach that television has on the KZN population, as 1 television set has more than 5 viewers. Just over 35% of the survey population have internet within their household, while 63% have satellite TV. 22% of KZN households had access to internet within their household during the Census 2011, while only 23% said they had access to satellite TV. Global trends identified in the literature review show that TV and satellite TV is stable, VOD is growing, internet and social networks are growing, while mobile phones are an exploding distribution network.
Although most respondents have access to cellphones, mobile internet penetration in South African remains under 50%, and as such the opportunity to tap into the cellphone market is still limited. In addition, access to internet within households limited the growth potential of VOD through digital platforms such as Netflix. With the large access to television, and over 60% access to satellite TV, consumption of South African content within households remains predominately through the SABC, eTV and MultiChoice (DSTV). Growth potential exists for VOD through the DSTV Box Office platform.

The breakdown of survey population social media usage is displayed in the figure below. Over 70% of the survey population utilise WhatsApp Messenger, followed by almost 50% who use Facebook. Platforms such as Facebook and WhatsApp could be utilised in order to advertise local filmed content. Approximately 18% use Instagram and Google+, while just less than 9% use LinkedIn and about 7% use Twitter. Almost 30% of the survey population do not use social media at all, which could relate to the fact that mobile internet penetration in South African remains at 50%.
3.3 Filmed Content Preferences

The general filmed content preferences of the survey population are presented in this section. This section specifically addresses preferences around the types of content, platforms for consumption of content, accessibility, genre and language preferences, spending patterns, and classification preferences.

3.3.1 Preferred Content and Platforms

Almost 90% of the survey population enjoy watching TV series and 70% enjoy movies. Just less than half of the survey population enjoy sporting content, followed by almost 29% with reality TV shows and 20% with documentaries. 50% of those who enjoy sporting content also have access to satellite TV. Of the 3% that said they enjoy other content, this includes those who don’t watch television, or enjoy the news, religious shows, talk shows, or cooking shows.
The preferred types of platforms for viewing and the frequency of use of each of these platforms are displayed within the table below. Figures in green are those that received the greatest number of responses while those in red represent the least responses. Only 8% of respondents said they used alternative platforms not listed below for viewing filmed content – all of these respondents noted that they view content on a laptop or computer via USB.

Table 5: Type of Platform and Frequency of Use

<table>
<thead>
<tr>
<th>Frequency / Platform</th>
<th>TV</th>
<th>Satellite TV</th>
<th>Cinema</th>
<th>Netflix or Showmax</th>
<th>Internet Streaming</th>
<th>Cellphone</th>
<th>DVD or Blu-Ray</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>5%</td>
<td>27%</td>
<td>69%</td>
<td>88%</td>
<td>68%</td>
<td>65%</td>
<td>32%</td>
</tr>
<tr>
<td>Once or twice a year</td>
<td>0%</td>
<td>1%</td>
<td>16%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>16%</td>
</tr>
<tr>
<td>Once or twice a month</td>
<td>4%</td>
<td>4%</td>
<td>12%</td>
<td>3%</td>
<td>8%</td>
<td>7%</td>
<td>30%</td>
</tr>
<tr>
<td>Once or twice a week</td>
<td>16%</td>
<td>8%</td>
<td>1%</td>
<td>3%</td>
<td>8%</td>
<td>11%</td>
<td>16%</td>
</tr>
<tr>
<td>Daily</td>
<td>73%</td>
<td>58%</td>
<td>1%</td>
<td>3%</td>
<td>10%</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>Not sure</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Television is by far the most utilised platform, with over 70% of people watching television daily, while another 16% watch once or twice a week. This figure is followed by satellite TV, with almost 60% of people watching daily, and another 8% watching once or twice a week.
These figures correlate fairly closely with the fact that over 97% of households have televisions while 63% have satellite TV, and again cement the importance of television and satellite TV as key platforms for consumption of filmed content by KZN audiences.

Almost 70% of the survey population never attend the cinema, while 16% attend once or twice a year and another 12% attend once or twice a month. These numbers indicate the small domestic market that exists for consumption of films at cinemas within KZN and why South African cinema attendance is stagnating. Given that fact that less than 10% of films on the cinema in 2015 were South African, it is easy to see why the cinema spending on the South African Box Office is only expected to increase by just over 1% until 2020 and why South African films continue to struggle to compete with large international productions which have a greater potential to draw people to cinemas.

Paid video-on-demand platforms such as Netflix and ShowMax remain largely unutilised within the KZN content, with 88% of the survey population noting that they never utilised these platforms for viewing of filmed content. The majority of the survey population also seldom stream content online or via their cellphone, with 68% and 65% of respondents noting that they never use these platforms for viewing of filmed content. 10% of the survey population do however stream filmed content online or via cellphone on a daily basis, while another 16% stream content either once or twice a month or week via the internet, and 18% stream content either once or twice a month or week on their cellphone. These figures indicate that although penetration of filmed content remains low via the internet and cellphones, just over a quarter of the survey population do stream filmed content within any given monthly period.

Just more than 30% of the survey population never watch DVDs/Blu-Ray, while about 16% watch DVDs once or twice a year. About 46% of the survey population watch DVDs more than once or twice a month.

![Figure 18: Access to DVDs of the 65% that do purchase/hire/borrow DVDs](image)

The breakdown of DVD purchase and hire is presented in the figure to the left. 35% of respondents do not purchase, hire or borrow DVDs. Of the remaining 65% that do, 86% of people purchase DVDs, 8% hire DVDs and the remaining 6% borrow DVDs.
The figure below displays that of those who either purchase or hire DVDs, just over 51% do so from markets or street vendors. Street vendors and other informal traders often sell copied or pirated DVDs and CDs, and therefore it can be assumed that some of these purchases are in fact pirated. Just more than 37% purchase or hire from video or retail shops. Only 6.4% hire or buy from online stores such as iTunes, while only 4.4% hire or buy from box office (DSTV video-on-demand).

Figure 19: Place of Purchase or Hire of DVD

![Bar chart showing the percentage of DVD purchases or hires from different sources.](chart.png)

3.3.2 Cinema and Festival Accessibility

The figure below provides an indication of accessibility to cinemas. It is clear that more than half of the survey population don’t know where their nearest cinema is, while over 10% note that their nearest cinema is more than 50km from where they reside; this correlates with the fact that about 70% of the survey population never watch films at a cinema. Less than 6% of the survey population live within 5km of a cinema, while 12% live between 6 and 10km from the nearest cinema, 8.6% within 11-20kms and 5.4% within 21-50kms of their nearest cinema.

Figure 20: Distance to Nearest Cinema

![Pie chart showing the distribution of distances to nearest cinemas.](chart.png)
In terms of accessibility to film festivals and other public screening, respondents were asked if they had attended either of these platforms. Excluding those respondents that were 'not sure' if they had attended a film festival, only 3% of respondents noted that they had attended a film festival, while the remaining 97% had never attended one before. Of the 3% who had attended a film festival, most had attended the Durban International Film Festival, with a handful noting the Johannesburg Film Festival. Excluding those respondents that were 'not sure' if they had seen a public screening, only 1% of respondents had seen films screened in a public space. Those who had seen such a screening noted that this was either in a school or community hall.

It is clear from the results above relating to the distance to cinemas and attendance at festivals or other screening platforms, that accessibility remains a key challenge in ensuring the consumption of filmed content within KZN, regardless of whether it is South African or international content.

3.3.3 Best/Worst Genre and Favourite Film Preferences

The survey population provided an understanding of their best and worst genres, which are presented in the table below, along with the percentage of the total survey population that responded favourably to each genre. Almost 50% of respondents prefer ‘action’, followed by ‘comedy’ and ‘drama’. These favourite genres are the same as the top 3 favourite genres identified in the NFVF Audience Research Project, with other favourite genres including ‘romance’, ‘musicals’, ‘cartoons/animations’, ‘horror/thriller’, ‘adventure’ and ‘documentaries’ (NFVF, 2015). In relation to least favourite genres, around 30% of survey respondents noted they don’t enjoy ‘horror’, followed by ‘Sci-Fi’, and then ‘historical’ films, while the NFVF study’s four least favourite genres were western, war, science fiction, and political/historical/cultural/epic (NFVF, 2015).

Table 6: Favourite and Least Favourite Genre

<table>
<thead>
<tr>
<th>Favourite Genres</th>
<th>Rating</th>
<th>Least Favourite Genres</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action</td>
<td>48.60%</td>
<td>Horror</td>
<td>30.30%</td>
</tr>
<tr>
<td>Comedy</td>
<td>37.40%</td>
<td>Science fiction (Sci-Fi)</td>
<td>21.70%</td>
</tr>
<tr>
<td>Drama</td>
<td>33.40%</td>
<td>Historical¹</td>
<td>20.20%</td>
</tr>
</tbody>
</table>

¹ Defined as ‘films based on historical events and famous people’
The survey population was also asked what factors determine their favourite films. 26% of people simply said they like the genre, however over 60% said they like films that are enjoyable, entertaining and relaxing. 22% enjoy films that are South African, while 19% like films that are in their own language or have subtitles. 22% enjoy films that have a good message or moral, while 18% enjoy films with good actors. Only 8% said they enjoy films that they can relate to, while only 2% said they enjoy films with good directors.

Figure 21: Reason for Choice of Favourite Film

### 3.3.4 Language and Classification Preferences

The language preferences of the survey population are presented in the figure below. Only 43% of the survey population said they prefer isiZulu content, although 79% speak isiZulu as a home language. 48% said they prefer filmed content in English, although only 12% of the respondents spoke English as a home language. As such, of those respondents who prefer English content, 65% speak isiZulu at home. Of those who specified 'other', most said that content must be bilingual with sub-titles.

Respondents were asked what classifications would inhibit them from viewing filmed content. The results are displayed in the figure below.
24% of the survey population said they watch all content, with the majority of these responses falling within the 15-34 year age bracket. Over 40% of the survey population noted that they would not watch content with sex and nudity. The largest opposition to films containing sex and nudity was people from 55-64 years and 65 years and older, with 74% and 67% respectively of the respondents within these age groups noting that they would not watch this content. Violence and strong language do not seem to be major inhibiting factors to content consumption, with only 6.7% and 5.4% of the respondents noting that they do not watch content that contains violence and strong language. 22% of the survey population noted that they would not watch content with SNVL should they be around children.

3.3.5 Spending on Filmed Content and Entertainment

30% of the survey population noted that they do not spend any money on filmed content, of which 90% were the same respondents that noted they never attend the cinema. 20% of the survey population spend up to R50 per month and almost 15% spend between R51 and R100 per month. Only 6% spend from R101-R200 per month on filmed content, while almost 13% spend between R201 and R500 per month, and just under 4% spend more than R500 per month.

In relation to other entertainment, most respondents spend even less, with over 50% noting that they spend nothing on other entertainment. Only 7% spend up to R50 per month on other entertainment, while just over 11% spend R51-R100, and 8% spend R101-R200. Almost 6% spend from R201-R500 while just more than 4% spend over R500 per month.
These figures indicate the limited disposable income of KZN households, as 30% of the survey population does not spend any money on watching filmed content while another 20% would only spend up to R50; this does however indicate that in general, people are more willing to spend more on filmed content than they would on other entertainment.

3.4 South African Filmed Content Preferences

This sub-section unpacks the survey population’s preferences towards South African filmed content. This section includes the preferences around content from South Africa and other locations, the last SA film and TV show watched, spending on SA films, the likes and dislikes about SA content, and current and proposed marketing methods.

3.4.1 Preferences Towards SA and Other Filmed Content

79% of all respondents surveyed noted that they watch South African content. Of those who noted that they don’t watch SA content, many responses were related to persons who don’t watch television or movies at all. Of those who stated a reason for not watching SA content, some were:

- Bad quality and unprofessional;
- Boring, no original/unique content;
- Bad storylines/predictable;
- Can’t relate or understand (non-isiZulu speakers);
- Promote crime and drugs;
- Too much SNVL;
- Same actors and actresses; and
- Not interested in anything other than sport or news.

Respondents were asked to provide an indication of whether or not they watch filmed content from countries other than the USA and South Africa. Over 50% watch only USA and SA content, while just under 30% said they watch Nollywood. About 13% of respondents watch Bollywood films, 9% watch Asian films, and almost 5% watch European films.

Figure 25: Content other than USA and SA Content

3.4.2 Last SA Film and TV Show Watched

Of those who responded (80% of the survey population), the last watched South African films and television shows, in order of priority, are presented in the figure below.
The largest support for domestic films were for Leon Shuster films such as Mad Buddies, Mamma Jack and Mr Bones (a large number of respondents just noted “Leon Shuster” and no specific film name). The other top four favourite South African films are drama stories that portray violence and gangsterism, with iNumber Number, Jerusalema, Tsotsi and uMlazi Gangster all being fairly highly acclaimed films of a high production quality.

The last viewed South African TV shows where Uzalo and Isibaya, two isiZulu TV shows, which received more than double the responses than the third most recently viewed programme, Friends Like These. This is consistent with the TV ratings, as presented earlier.

Respondents were then asked when they last viewed a South African Film. Almost 35% of the survey population watched a South African film within the last year, while around 18% watched both in the last 6 months and in the last month. Just more than 12% said they watched an SA film in the last week, while 15% only watched an SA film in the last 5 years.
The various platforms on which the survey population viewed their last SA film are displayed below. Over 45% watched on a DVD player, which is significant in that it speaks to the possibility of a market for straight-to-DVD productions in South African, similar to the Nigerian model. In addition, as most of the survey population (97%) have access to televisions, 65% of the survey population either purchase, hire or borrow DVDs, and 46% of the survey population watch DVDs more than once or twice a month, DVDs could provide a direct route through which domestic content can be distributed cost effectively. However, as 51% of the survey population get DVDs from street vendors (and it can be assumed that a large portion of these purchased DVDs are therefore pirated), alternative models for DVD distribution need to be investigated, such as partnering with street vendors to provide original DVDs at a discounted cost or DVD vending machines that print the latest content at an affordable price.

Just over 27% watched their last SA film on satellite TV, while 21% watched on television. Only around 2% viewed their last SA film online or at the cinema; this again indicates the lack of internet penetration within KZN and the challenges with access to cinema for the majority of the survey population. None of the respondents have watched a South African film through Netflix, their cellphone, at a film festival, or at a public viewing/community hall.
3.4.3 Spending on SA Film

The survey population provided an indication of the amount that they would be willing to spend on watching South African films. Over 15% of the survey population are not willing to pay to watch local films, which relates to the NFVF Audience Research Project which indicated that 12% aren’t willing to pay to watch an SA film (NFVF, 2015). Almost 16% said they would pay up to R20, while around 18% said they would pay R20-R40 and R40-R60 to watch local films respectively, while about 14% would pay between R60 and R80. About 8% would pay R80-R100, while just more than 10% were willing to pay more than R100 to watch SA films.

These results have a significant impact on the ability of domestic films to be commercially viable, and indicates the need to focus on models of distribution that do not rely on the
traditional cinema model within KwaZulu-Natal, such as a focus on DVDs or internet distribution which are relatively less expensive to distribute.

3.4.4 Likes and Dislikes of SA Filmed Content

The survey population was asked what they like and dislike about South African filmed content. These responses are displayed in the figures below.

Figure 30: What is liked about SA Filmed Content

The most commonly stated reasons for liking SA content are that it’s original/unique, it’s informative/educational, it’s familiar/relatable, it makes them appreciate their country, and it’s in their own language. Only 15% said that good and familiar actors make them like SA filmed content. Compared to the NFVF Audience Research Project, the most liked attribute of SA films was the actors/actresses, followed by the cultural content, and relatable characters. (NFVF, 2015).

When asked what can be done to improve SA filmed content, more than 36% of people noted that actors, producers or directors require training and that films need less violence, bad language and/or sex. Just more than 25% of the survey population noted that the picture and sound quality needs to improve while more SA films need to be promoted and played. About 23% said that funding and budgets needs to be increased while just over 16% said that scripts and storylines need to improve.
Of those who noted ‘other’, suggestions included more content on all channels, a focus on and promotion of diversity/culture is required, more local food programmes, more positive content, sport and educational content, and that there is a need for new actors/actresses.

56% of the survey population noted that they would attend screenings of South African films at community halls.

3.4.5 Marketing of SA content

The final set of questions relates to the marketing of SA content. The survey population were asked what current platforms they use to find out about SA content. Almost 70% of the survey population find out about SA content through adverts on television, just about 43% hear about SA content through word-of-mouth. Only about 18% hear about local content through the internet or social media, while just more 15% hear about SA content from newspapers and magazines. Only about 5.5% of people hear about SA content through billboards and cinema previews. Other respondents noted that they just watch what is on television at the time.
Almost 50% of respondents feel that visits by production casts and crews to the townships/communities and adverts on radio and television could help better market SA content, while 28% noted the use of billboards/posters. Around 23% of people feel that an increase in funding and reduction in piracy will assist market SA content.

Other marketing platforms noted include social media, competitions to promote content, increase SA content on SABC and eTV, advertising through SMS, and community screenings. Although social media only comprised a small number of responses, as indicated earlier, a large part of the survey population use WhatsApp and Facebook and, as such, these can be used as platforms through which local content can be promoted.
4 Recommendations

4.1 Key Literature Review and Field Research Findings

Audience development can only be successful if content is developed in the context of the entire value-chain, and cannot be pursued in isolation through channels such as marketing and distribution. The target audience needs to be understood by writers, producers, and filmmakers, so that content is developed specifically for a particular market and marketed and advertised through the pre-production, production and post-production stages. Access remains a challenge, and, as such, distribution of filmed content needs to be considered in light of the characteristics of the target audience, specifically within KZN where the majority of the population is relatively poor and lacks access. Television remains the biggest platform for consumption of domestic content, and contrary to global growth trends, consumption through platforms such as internet and cellphones continues to be low due to limited broadband and mobile internet penetration.

The key findings of the literature and field research are presented in the table below, and are classified into broad focus areas in order to provide structured recommendations:

Table 7: Key Findings from the Literature Review and Field Research

<table>
<thead>
<tr>
<th>Film Industry Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Activities along the entire value-chain have an implication on audience development. An increase in the overall quality and quantity of local film content will stimulate development of the entire industry and help grow and develop domestic audiences.</td>
</tr>
<tr>
<td>• The way in which filmed content is being produced and distributed is changing because of the demand for access to unlimited content for consumption via online and other platforms such as video-on-demand, which has had a negative impact on film exhibition, as home video continues to grow.</td>
</tr>
<tr>
<td>• The South African film industry is subsidy-driven and therefore is not 'commercialised' as is the case in Hollywood, Nollywood and Bollywood, where emphasis is placed on capturing audiences and generating profit. The economics of a production must be understood by filmmakers and producers in the same way as any other commercial product in order to be successful (identify demand and target market).</td>
</tr>
<tr>
<td>• There is a need to create a culture of film consumption in South Africa, as a form of entertainment.</td>
</tr>
</tbody>
</table>
**Content Development**

- Most domestic content is developed primarily for the local market, with a limited African or global focus, which reduces the potential of the production to break into international markets. Although content can be developed to specifically target a local market, this can be done in a way that appeals to a broader market with similar social situations/conditions, familiar stories, etc.

- Content needs to be developed specifically for an intended audience and designed in the early development stages of a production. Writers, filmmakers, and producers need to understand the audience, their needs and preferences, and develop content in line with this to ensure maximum consumption. It is important for filmmakers to conduct research to establish if there is a demand for their production and develop content in line with the demand.

- Nollywood have succeeded in developing content that speaks to not only the large Nigerian market, but also the broader African and even international market.

**Marketing & Distribution**

- Marketing in best practice film industries is seen as critical to the success of any production. A marketing strategy is often developed in the early stages of development and aligned to the target audience (as with the content). This marketing strategy is used to promote the film, documentary, TV series, etc., throughout the entire production processes. In addition, actors, actresses, and directors are used as key marketing subjects to draw attention to the production and form a central part of the marketing strategy.

- Marketing of South African content is often underemphasised, with marketing generally only being undertaken once a production is completed, with little remaining budget available. Marketing seldom occurs during the pre-production, production and post-production stages of development.

- Funding is often stated as a key challenge for the marketing and distribution of local content. The local industry needs to be more responsible and accountable for funding they receive to ensure that films are profitable. Funders must ensure that filmmakers and producers have a clear marketing strategy and that distribution is aligned to the target audience. Training will assist up-skill local producers and filmmakers in critical areas of marketing and distribution.

- Only 5% of the total value of the value of the SAFI is attributed to distribution (including marketing). International filmmakers often spend up to 30% of a production on marketing.
and distribution and as such, increased spending is required on marketing and distribution of domestic content in KZN.

- Currently, distributors such as Times Media Films and United International Pictures are the primary means of distributing filmed content to TV, cinema, and other platforms. However, a growth in online platforms provides producers the option to promote and distribute their own filmed content, while the internet has reduced the cost and time to get content to market.

### Cinema Exhibition Model

- As home entertainment systems become more affordable, cinema attendance will continue to decline globally.

- The South African exhibition market is dominated by Nu Metro and Ster-Kinekor, who operate 75% of the total cinema screens in KZN. Cinemas require a critical mass of footfall to be sustainable, and as such, all commercial cinemas in KZN are located within retail centres in urban areas, while smaller cinemas are often not viable. This situation, along with the relatively high cost of tickets and confectionery, excludes the majority of the population from cinemas.

- Local films have to compete for scheduling against international films brought in by distributors/exhibitors such as Nu Metro and Ster-Kinekor who are profit-seeking and therefore prioritise films that will generate greater box office revenues.

- 12% of feature films released in cinemas in South Africa in 2016 were locally produced and none of these were in isiZulu, even though 22% of the national population speak isiZulu as their home language (as per Census 2011 data), showing that isiZulu productions are significantly under-produced.

### Domestic Consumer Market

- South Africa has a fairly limited domestic market, with 62% of households in 2011 earning below R3,300 per month (70% of households in KZN). As such, the majority of the population is excluded from visiting cinemas which inhibits consumption of both local and international productions at cinemas; this was confirmed during the survey as 70% of respondents noted they have never been to a cinema, while 58% of respondents do not know the location of their nearest cinema.

- These same economic barriers exist in relation to the film festival platform, with very few of survey respondents noting that they have attended a film festival.

- 30% of the survey population do not spend any money on watching filmed content while another 20% would only spend up to R50. Over 15% of the survey population are not willing to pay to watch local films, while almost 16% said they would only pay up to R20.
These totals indicate the limited disposable income of the survey population for consumption of filmed content, and the challenge of profitability and sustainability faced by domestic films at cinemas.

- Public facilities such as libraries, schools and community halls can be utilised as platforms to screen domestic filmed content, and present an alternative solution to reach domestic consumers in communities throughout KZN.

- Language can act as a barrier to consumption as it can exclude people who don’t speak that language, but targeting specific audiences using language can also be a successful audience development driver and sales strategy – this is evidenced by the success of Afrikaans films at cinemas (targeting the Afrikaans market) and ratings of isiZulu television programmes such as Uzalo and Isibaya.

- 43% of the survey population said they prefer isiZulu content, although 79% speak isiZulu as a home language. Of those respondents who prefer English content, 65% speak isiZulu at home.

- Over 40% of the survey population noted that they would not watch content with sex and nudity, while violence and strong language does not seem to have the same negative impact, with only 7% and 6% of respondents noting that they wouldn’t watch such content.

- Action, comedy and drama are the favourite genres of the survey population, with horror, sci-fi and historical content being the least favourite genres.

- The survey population like content that is original/unique, informative/educational, familiar/relatable, in their own language, and that makes them appreciate their country.

- The survey population feels that to improve SA content, actors, producers or directors require training; films need less violence, bad language and/or sex; that the picture and sound quality needs to improve; and more SA films need to be promoted and played.

### Television and Satellite (VOD) Reach

- Globally, TV and satellite TV remain stable, while VOD platforms are growing.

- VOD, through the DSTV platform, is still fairly stagnant but has potential to grow based on global trends. Cost is, however, still an inhibiting factor to the growth of VOD in KwaZulu-Natal.

- In South Africa, television remains the dominant viewing platform, with over 97% of surveyed respondents noting that their households have access to a television and over 63% have access to satellite TV.
Audience Trends of the South African and KZN Film Consumer

- Over 70% of survey respondents watch television daily, while almost 60% watch satellite television daily.
- All of the top 5 viewed programs on SABC1, SABC2, and DSTV are domestic programs.
- Uzalo and Isibayo are by far the most enjoyed domestic television programmes based on survey results, with Uzalo topping the ratings with 8,4 million viewers in February 2017.

DVD Market

- Although global DVD sales have declined, opportunities exist for South Africa and other African countries to consider Nigeria's 'straight-to-DVD' model.
- In Nigeria, DVDs have accelerated development of the film industry, with distributors even partnering with street vendors to ensure they can sell DVDs which are competitively priced against pirated content.
- Over 45% of the survey population watched their last SA film on a DVD player. As most of the survey population (97%) have access to televisions, 65% of the survey population either purchase, hire or borrow DVDs, and 46% of the survey population watch DVDs more than once or twice a month; DVDs could provide a direct route through which domestic content can be distributed cost effectively.
- However, 51% of the survey population get their DVDs from street vendors or markets, of which it can be assumed a large number of pirated, and as such, alternative distribution models need to be considered.

Internet and Cellphone Penetration

- Global trends indicate that internet is growing and the cellphone market is exploding for consumption of filmed content.
- In South Africa, most homes have cellphones (88%), however mobile internet penetration remains under 50%.
- Only 35% of households surveyed have access to internet in their home, which limits the consumption of content though streaming and online VOD platforms such as Netflix.
- 88% of survey respondents have never watched filmed content on Netflix and similar platforms, while 68% and 65% of respondents noted that they never stream content from the internet or from their cellphone respectively.

Best Practices in Audience Development

- Some nations have placed mandatory quotas on broadcasters to play local content, while others have provided distribution funding to assist filmmakers take productions to...
market and exhibitors to duplicate and screen films, and put taxes on the import of foreign films to make local film more competitive.

- The NFVF have identified the need for a separate film incentive for low budget films targeting the broader demographic and for low budget films such as documentaries.
- The Gauteng Film Commission is focusing on monthly film viewing and debates, township bioscope screenings, and gender, youth and disability projects in order to boost audience development.
- Many African countries have succeeded in boosting audiences by taking filmed content directly to communities and screening content at public facilities. Community screenings can also be linked to awareness campaigns, displaying educational content and engaging with communities around relevant issues.

4.2 Recommendations Towards Audience Development

Based on the key findings of the research, a number of recommendations are made towards growing the consumption of audiences in KwaZulu-Natal and ensuring that transformation occurs during the development of audiences through improved access and development of relevant content for the KZN and South African content consumer.

1. Review the current script-development training programme to ensure a focus on content development, understanding the target audience, and alignment of content to audience preferences (including indigenous language preferences). This revised training programme must be accredited, and guide writers and filmmakers in developing content that speaks to the preferences of the local market by telling local stories that are convincing and have a strong domestic and global appeal.

2. Review the current KZN Film Fund application and assessment process, shifting from a ‘paper’ submission to a ‘pitch’ submission process, with a set of specific criteria for applicants that speaks to their productions business plan (content development; target audiences; marketing and distribution strategy, technical specifications and processes; production budget; etc.). This process will encourage that producers and filmmakers to consider the ‘commercialisation’ of their production, which will ease and assist the funding process.

3. Explore ways to develop capacity within the KZNFC in order to provide filmmakers and producers assistance in identifying target markets, quantifying demand, developing
marketing and distribution strategies, and accurate production budgeting (which should form a business plan for the production) during the development/pre-production stages. The development and production funding should be conditional and based on a sound business plan (including a marketing and distribution strategy). The long-term goal is to capacitate filmmakers and producers to develop their own business planning, and this is echoed in the NFVF National Film Strategy, which notes that filmmakers need to reconcile “art and business and realize that they are making a product” and that realistic marketing budgets need to be factored into the overall budget for any production, from the outset.

4. Review and adjust the current marketing and distribution percentages of SAFI funds (including the KZN Film Fund) to ensure that funding is allocated for marketing of productions from the pre-production stage onwards. Ensure that funding is released in increments during pre-production, production and post-production stages of the value-chain, and aligned to the business plan (and specifically the marketing and distribution strategy component) of the production. Filmmakers and producers must be held accountable and measured according to the deliverables as set out in the business plan to ensure that the funding generates the maximum return on investment for the KZNFC and filmmakers. This point is highlighted as a key strategy towards growing local markets in the NFVF National Film Strategy, as well as encouraging producers to focus on local audiences through improved financial incentives that relate to marketing costs.

5. Engage with the National and Provincial Department of Arts and Culture to identify and consider legal ways to increase the sustainability of film funding, taking into consideration successful models from overseas. For instance, in France, the national film fund is fed by special taxes on film tickets, television screenings, DVD distribution, VOD and internet and cellphone providers. Film exhibitors also benefit from a reduced VAT on the sale of tickets.

6. Engage on a regular basis with film industry players around constructive and open debates to review and improve existing policies in support of audience development.

7. Allocate a proportion of the KZN Film Fund for development and production funding for productions that utilise local languages, promote local literature and culture, engage with relevant issues faced by KZN communities, and are educational in nature – this allocation will be utilised by the Film Industry Transformation Initiative.
8. Develop specific selection criteria for the KZN Film Fund’s audience development category, which seeks to promote audience development initiatives such as books/clips about the making of a film, film marketing and distribution, film news TV programs and film clubs.

9. Give preference to KZN Film Fund applications that speak to the preferences of local consumers (such as productions aligned to preferred genres of action, comedy, and drama; productions that have limited adult content; etc.). The film fund portfolio of projects must be largely aligned to the preferred genres to ensure a shift to producing content with target audiences in mind (commercialisation) and away from passion projects.

10. Engage with radio and television broadcasters to encourage advertising and promotion of local content, utilising celebrities, producers and filmmakers as a means through which to create awareness and build interest around new local productions (from pre-production through to distribution stages).

11. Leveraging off July as ‘National Film Month’, engage with exhibitors in KZN (specifically KZN-owned exhibitors) in order to encourage additional support for local films. Initiatives could be implemented whereby local films are screened at a reduced rate or discount cards are sold with reduced ticket prices for local films.

12. Engage with distributors (such as Nigeria’s iROKO, who sell Nigerian DVDs in South Africa) to identify a possible local solution towards DVD distribution, given the prevalence of SA film consumption through DVDs. This strategy could include an investigation into the Nigerian model where distributors partner with street vendors and traders to offer domestic DVDs at a discounted price (to be competitive with pirated DVDs), as well as determining the viability of small-scale DVD production entities, distribution of DVDs through magazines and other such platforms, as well as DVD vending machines which can be placed in communities to allow local content to be copied onto a DVD for a reasonable price.

13. Develop partnerships with other creative sector bodies (such as the KZN Fashion Council, KZN United Music Industry Association, National Arts Council of SA, etc.) to develop a platform whereby filmmakers can build partnerships with practitioners from other sectors of the creative industry to create synergies and attract greater audiences.
14. Leverage off the Durban International Film Festival (through initiatives such as the Micro Budget category) to widely promote domestic productions (in newspapers, radio interviews, etc.) that will be screened. In addition, support the continued establishment of additional, dedicated screening venues in rural communities to screen domestic productions at a subsided rate (community screenings).

15. In partnership with the Department of Education, establish a school film programme to encourage youth appreciation towards film, and domestic and African-filmed content. This programme should include the screening of relevant films and documentaries that are both entertaining and educational in nature, incorporate Q&A sessions, and be leveraged as a platform off which to promote careers in the film industry. Consider partnering with donor funders or human rights organisations to leverage additional funding for such programmes and use these platforms to engage with youth about relevant issues. Empower school counsellors on matters pertaining to careers in film.

16. Engage with established community film operations such as Steps for the Future, Kasi Movie Nights, and Sunshine Cinema in order to identify opportunities for partnerships within the KZN market, through empowering local youth as partners.

17. In partnership with municipalities, identify locations and facilities (schools, community halls, libraries, etc.) around the province that can be utilised for monthly community screenings. Identify and capacitate local youth to run these screenings and facilitate Q&A sessions. Assist by proving funding support to such platforms, as is the case with First Wednesday Film Club, which is supported by the Gauteng Film Commission.

18. Facilitate the establishment of viable independent cinema proposals in KZN, particularly within non-urban areas, such as The Bioscope independent cinema in Maboneng. The KZNFC can assist leverage funding from relevant bodies such as the Department of Arts and Culture and Industrial Development Corporation (IDC), should viable business plans be put forward for independent cinemas.

19. Engage with ICT and telecommunications companies in order to negotiate provision of internet ‘hotspots’ or bundle packages that could allow for domestic content to be streamed or downloaded free of charge as part of their corporate social responsibility or supported financially by government. This strategy could be rolled out at public libraries or other public spaces around the province.
20. Engage with online distributors (such as MultiChoice, iROKO Partners, Netflix, etc.) to identify opportunities to partner for distribution of South African (and KZNFC-funded) films on their VOD platforms (DSTV on Demand, iROKOtv, Netflix, etc.).

21. Encourage the marketing of local filmed content through social media platforms (Facebook, WhatsApp, Twitter, Instagram and YouTube) as well as through SMS advertising.

22. Investigate the feasibility of an ‘Idols-style’ KZN film industry reality TV programme, where local filmmakers have to conceptualise, develop and produce a short-film and compete against other filmmakers.
5 Bibliography


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AUDIENCE TRENDS OF THE SOUTH AFRICAN AND KZN FILM CONSUMER

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